

## **The Honorable Martin Glenn**

United States Bankruptcy Court, Southern District of New York  
One Bowling Green, New York, NY 10004-1408

### **Case No. 22-10964 Celsius Lending LLC**

#### **The continuing need for a Trustee appointment:**

We are aware that it is within the Courts discretion to appoint a Trustee instead of an Examiner.

In this case Celsius is clearly guilty of fraud, dishonesty, gross mismanagement, disregard of regulatory and statutory provisions and there are serious concerns raised by creditors that creditor interest would be better served by replacing current management.

There is clear and convincing evidence of fraud, dishonesty, gross mismanagement, disregard of regulatory and statutory provision and the most visible evidence is shown by 40 States filing cease, desist orders and/or launching major investigations and filings in this Court.

A C11 Trustee will also work with other ongoing investigations to avoid duplication of efforts:

It is a false argument that only a very restricted Examiner can avoid duplication of effort. I am certain that a Chapter 11 Trustee will not want to duplicate efforts.

My understanding is that typically, four causes trigger a trustee appointment: gross mismanagement, dishonesty, fraud, and incompetence. All of these exist. Nonetheless, a trustee may be appointed only because it's in the best interest of the creditors, which I believe it is. It is clear that the reorganization efforts under a Chapter 11 Trustee benefits the creditors.

#### **Appointment of a Trustee:**

The U.S. Trustee's Office will consult with the UCC and others, to appoint a disinterested individual (or corporation) to serve as the Chapter 11 Trustee and find an appropriate person with qualified experience in the both the digital asset and financial services industries so that reorganization and not quick liquidation is possible.

There is no reason to believe that an appointed Chapter 11 Trustee in this specific case will execute a quick liquidation. There is still every possibility that creditors will receive the in-kind assets they are owed in full or to some degree with a Chapter 11 Trustee.

Both the UCC/W&C and Celsius/K&E have conflicts and competing interests that work against the creditors best interests:

Celsius / Kirkland & Ellis LP competing interests:

Kirkland & Ellis LP & Voyager 3AC claim: Kirkland & Ellis LP cannot represent Celsius in this large claim fairly if the larger claim lies with their client Voyager. (See previous submission)

Alex Mashinsky and Daniel Leon likely committed fraud and both are insiders under investigation. Kirkland & Ellis LP should not be representing them as individuals as if they were being represented as if they were normal executives performing the normally accepted actions and roles at the companies when that is not clear at all. (See filings of worthlessness.)

As stated by Kirkland & Ellis LP Celsius hired a special committee to investigate itself - Cannot do both in this situation where the insiders likely committed fraud against creditors. Were they looking for potential criminal liability to cover? Looking for a way to protect the insiders above the creditors? We cannot know the answers unless a C11 Trustee is appointed.

UCC competing interests:

Westcap and White & Case: How do they represent both? Westcap owns a large percentage of equity in Celsius. Celsius possibly presented false financial information to the CDPQ, WestCap, and other large institutional investors.

CEL token:

CEL is a major "asset" at Celsius. I do not own and have never owned CEL token but it is possibly the most important "asset" in this process. The value of CEL is highly questionable and has been for a very long time. It is clear that many retail CEL holders believed that it was the equivalent to owning stock in the company. CEL was traded and "burned" by insiders/management to manipulate the price.

CEL was used to inflate the company valuation and to enrich insiders. A Chapter 11 Trustee can find ways to fairly value CEL if there is one instead of using the alleged value at the time of the bankruptcy and possibly return the dollar value from insiders and others to compensate all creditors and devalue the value of CEL to zero for

creditors. Non-insiders need the value of CEL at the time of bankruptcy but not the token itself.

Until this issue is resolved no one will know the real size of the hole or what can be recovered for creditors.

Large quantities of CEL were given Mr. Mashinsky, his wife and other insiders. CEL was sold by insiders and their affiliates and was possibly used to launder or embezzle money.

Converting CEL to cash and other assets while knowing that they alone controlled the "value" of CEL has to be dealt with. Creditors who hold CEL are harmed in a very specific way.

The Examiner cannot deal with this. Celsius / Kirkland & Ellis LP have no incentive to deal with this. The UCC/White & Case is both conflicted and creditors have lost confidence since the Westcap conflict has become a major issue and they may hold CEL tokens or were misled about financials by Celsius abusing the CEL token.

Creditors need this complex issue resolved to their benefit.

Have the Debtors removed valuable assets beyond reach of creditors? There is ample evidence that Insider management used their position to both manipulate the price of the CEL token and to convert it into cash for personal use all while customer deposits were churning out of sight. Please appoint a Chapter 11 Trustee to find a creditor friendly path out.

Celsius commingled assets and engaged in self-dealing:

Using the CEL token to both inflate the value of Celsius and for key insiders and management to sell for cash and other assets was likely theft from the Creditors and seems to be a sophisticated form of embezzlement - their very own pump and dump scheme.

There are irreconcilable conflicts with untangling affiliated entities and a rat's nest of financial dealings with creditor deposits and secured creditors. So far there has been no visible attempt to unwind intercompany loans to the benefit of creditors and to uncoil commingled assets and funds as is evidence by the Debtors last financial filing.

Tether, 3AC, and some secured creditors need to be dealt with quickly.

Creditors do not have confidence in Celsius or the UCC given conflicts and relationships and lack of transparency that still exists as to basic accounting and other issues.

A Chapter 11 Trustee is not a de facto liquidator as both the UCC and Celsius / Kirkland & Ellis LP know very well. A Chapter 11 Trustee will fight to get the largest

return for creditors in a timely manner. They can prosecute claims to recover assets for creditors. An Examiner cannot and is restricted in the new agreement. Celsius can continue operations under the Trustee's leadership, instead of liquidating the assets to cover the debts.

Examiner, especially restricted in this new agreement, will only be looking at a small part of what the largest number of creditors need. Ask yourself: Will the decision you make benefit the largest number of creditors or a few with the largest financial stake?

The letters you receive from individual creditors are just the tip of an iceberg of tragedy for many. They do not write. You will not see these people. I see them on various online forums. The degree to which they were deceived and preyed upon may end up being unprecedented before this is over. Most individual creditors had zero idea what they were getting into and still do not.

Reddit and Telegram are the main online forums that individual creditors are going to try and find out what is going on, what might further harm them, if there is any hope of getting out of this in a timely fashion and some simply to tell their individual story. Time is more meaningful to smaller denominated creditors and those beyond the age to make up for the loss.

I have read literally thousands of them. It is crushing. They are not writing you letters. They cannot understand. They are invisible in this process many will never recover financially - never.

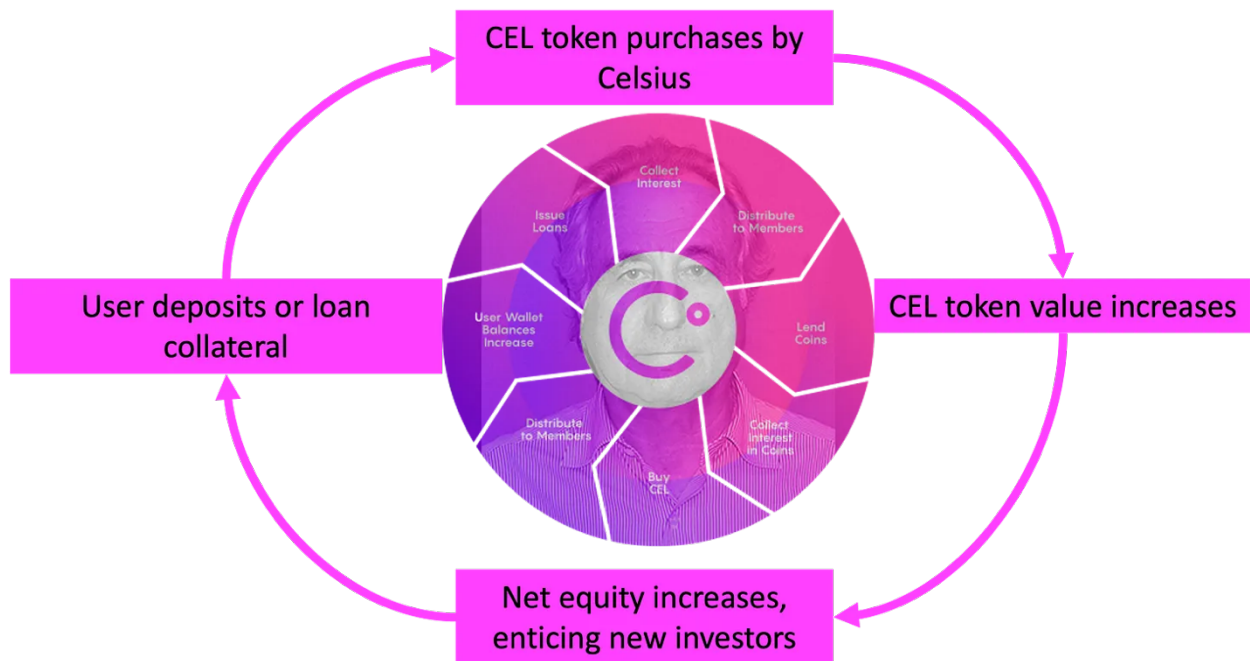
Again, you, the sole Judge in a major bankruptcy case, are the only person we, the victims of this fraud, have to appeal to for relief or a voice.

Sincerely,

L. Anne Yeilding

PS: This is my last one. Promise. I am no lawyer and do not mean to act as one. I only use the internet and forums and a fair ability to read and understand so please forgive anything that offends the rule of law in your Court.

<https://dirtybubblemedia.substack.com/p/mashinskys-flywheel>



## CEL Token was Celsius Network

<https://dirtybubblemedia.substack.com/p/anatomy-of-a-fake-market>

### Anatomy of a (fake) Market

Most \$CEL trading volume on Uniswap is wash trading. And we can prove it!

<https://dirtybubblemedia.substack.com/p/are-the-mashinskys-selling-out>

On 1/7/22, Alex Mashinsky tweeted that he had “bought the dip” on \$CEL token, purchasing 19,000 CEL (approximately \$60,000):



This self-congratulatory tweet was quickly called out by Twitter user @cel\_alert, who complained that while Mr. Mashinsky had just bought 19,000 CEL, he had sold 40,000 CEL over the 10 days prior. Net, Mr. Mashinsky had sold approximately \$125,000 worth of CEL during that period

<https://dirtybubblemedia.substack.com/p/celsius-network-and-that-hogeg-guy>

Moshe Hogeg and Alex Mashinsky: Working together since (at least) 2018  
It is interesting to note the similarities between the career of Moshe Hogeg and Alex Mashinsky: Both made their names at an early age with a failed startup (Mobli for Hogeg, Arbinet for Mashinsky). Both went on to found venture capital firms that participated in a string of failed companies. And, both got involved in the ICO/crypto business around the same time. The major difference is that Mr. Hogeg was arrested for fraud, while I have not found evidence that Mr. Mashinsky has ever been arrested or charged with any crime.

**Alex Mashinsky and Daniel Leon sold CEL token while encouraging everyone else to “HODL” and “earn in \$CEL”.**

<https://protos.com/personal-ties-between-cdpq-and-celsius-no-real-conflict-of-interest/>

It's feasible that Celsius presented false financial information to the CDPQ, WestCap, and other large institutional investors, but this again leaves the public **wondering how these players got burned so easily** and whether they intend to present any evidence to suggest as much publicly.  
Celsius Network was offering **17% yields** only one month after the \$150 million was essentially donated from the CDPQ.

“Gary Gensler said: “It doesn't matter what you hand over to a platform, if you hand over gold, if you hand over bitcoin [BTC] or you hand over any one of 1,000 plus alternative coins, frankly, if you hand over chinchillas. That the platform is taking those funds of value and doing something with it – they might be operating a hedge fund, they might be lending it out, they might be operating other investment schemes – but that platform is under the securities laws book because of how they've taken that money from you,” Gensler said.”

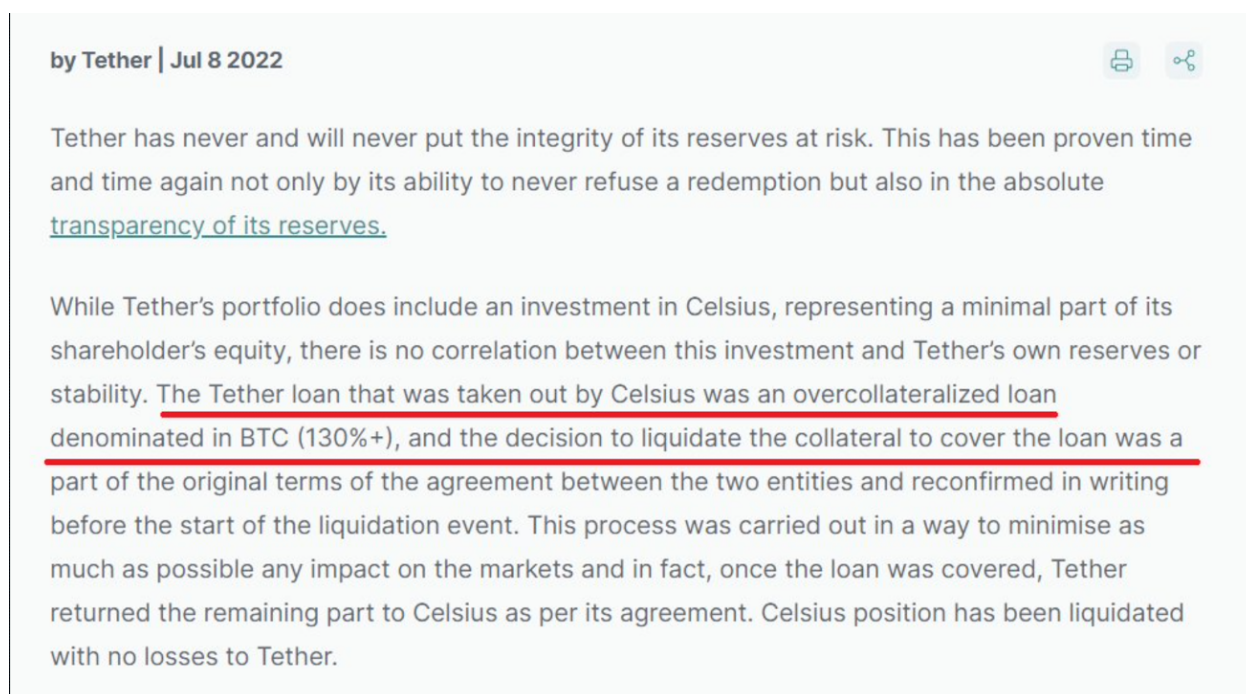
And yet the SEC did not do one single thing to stop Celsius from defrauding depositors out of billions. They still sit on the sidelines doing nothing as the key insider are still running their fraud through the bankruptcy system to cause further pain and loss to depositors

6/22/2020: Celsius Network secures US\$10M equity raise with Tether as lead investor



[https://twitter.com/simondixontwitt/status/1567968344611094528?s=46&t=n7PAml0DXiO\\_F3qw2lsztQ](https://twitter.com/simondixontwitt/status/1567968344611094528?s=46&t=n7PAml0DXiO_F3qw2lsztQ)

Pulling Together Public Information - @CelsiusNetwork has a \$75m claim in 3 Arrows Capital - 50,226,027.40 USDC & 25,118,150.68 USDC. It also looks like Equities First was borrowing from #Celsous to invest in 3AC, but I can't be sure



Apparently Tether liquidated \$0.9B worth and Celsius no longer has the USDT  
[https://twitter.com/theprivatier/status/1548979548519370753?s=21&t=3zjxJ\\_i8lckaQ8fbOTCLiw](https://twitter.com/theprivatier/status/1548979548519370753?s=21&t=3zjxJ_i8lckaQ8fbOTCLiw)